

Message Text

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ACTION EA-06

INFO OCT-01 SS-14 ISO-00 DODE-00 L-01 NSC-05 NSCE-00 INR-05

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P R 121202Z JUN 75

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC PRIORITY 4373

INFO CINCPAC HONOLULU

C O N F I D E N T I A L SECTION 1 OF 2 VIENTIANE 4218

LIMDIS

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PFOR, EAID, US, LA

SUBJ: PRELIMINARY PGNU REACTION TO CONDITIONS FOR
TURN-OVER OF USAID/LAOS ASSETS

REF: A) STATE 133675; B) VIENTIANE 4129

SUMMARY:

FOREIGN MINISTER'S CHEF DE CABINET ON JUNE 12 GAVE
POLITICAL COUNSELOR TEARE PRELIMINARY AND UNOFFICIAL
PGNU REACTION TO OUR NOTE OF JUNE 9 (REF A) ON PRO-
CEDURES WHICH IN OUR VIEW MUST GOVERN TURN-OVER OF
USAID ASSETS. PGNU FINDS IT DIFFICULT TO ACCEPT OUR
NEED TO RESERVE DISPOSITION RIGHTS TO USAID ADMINI-
STRATIVE PROPERTIES OR TO AGREE EVEN IN PRINCIPLE TO
INDEMNIFICATION FOR LOSSES OR DAMAGE TO OFFICIAL OR
PERSONAL PROPERTY. TEARE RE-EMPHASIZED BOTH THE POSITIVE
IMPACT OF EARLY PGNU ACCEPTANCE AND THUS TURN-OVER AND
THE POSSIBLE NEGATIVE EFFECTS OF REJECTION. WHEN AND
EVEN WHETHER A DEFINITIVE PGNU RESPONSE CAN BE EXPECTED,
REMAINS IN DOUBT. WE HAVE PROPOSED AN EARLY MEETING
WITH MINISTER OF ECONOMY AND CHIEF PGNU NEGOTIATOR ON
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TURN-OVER TO TRY TO ADVANCE OUR CASE. HOWEVER, AT THIS

TIME WE ARE NOT OPTIMISTIC THAT A SOLUTION CAN BE FOUND
THAT WILSATISFY OUR LEGAL REQUIREMENTS. END SUMMARY.

1. FONMIN'S CHEF DE CABINET, SOUBANH, CALLED IN POL
COUNSELOR MORNING OF JUNE 12 TO SET FORTH WHAT HE SPECI-
FIED WAS PGNU'S PRELIMINARY AND UNOFFICIAL REACTION TO
EMBASSY'S NOTE OF JUNE 9 (REF A) CONCERNING PRINCIPLES
GOVERNING TRANSFER OF USAID PROPERTY, SUPPLIES AND
EQUIPMENT.

2. SOUBANH BEGAN BY PRESENTING WHAT HE DESCRIBED AS THE
HISTORY OF THE MAY 27 AGREEMENT SIGNED BY CHARGE AND
MINISTER OF ECONOMY SOTH PHETRASY. IN CAPSULE,
HE PORTRAYED THAT AGREEMENT AS USG'S RESPONSE TO WILL
OF "LAO PEOPLE," WHO WANTED USAID DISSOLVED AND ITS
ASSETS TURNED OVER TO THE LAO GOVERNMENT. HE WENT ON TO
TRACE HISTORY OF TURN-OVER NEGOTIATIONS OF PAST 10 DAYS,
TRYING TO MAKE CASE THAT USAID NEGOTIATORS WERE
RESPONSIBLE FOR DELAYS AND THAT PRINCIPLES WE HAD IN-
JECTED IN OUR NOTE HAD ONLY COMPLICATED THE TURN-OVER
PROCESS. HE MADE POINT OF SAYING THAT PGNU HAD NOT DIVULGED
OUR CONDITIONS TO STUDENT OR OTHER PROTESTORS, WHO COULD
NOT BE EXPECTED TO UNDERSTAND THE DISTINCTIONS WE WERE
TRYING TO MAKE BETWEEN PROPERTIES COVERED BY PROJECT
AGREEMENTS AND USAID ADMINISTRATIVE PROPERTIES. SOUBANH
ALSO RAISED SEVERAL QUESTIONS ABOUT ADMINISTRATIVE
ITEMS: WHETHER ANY AGREEMENT ABOUT THEIR ENTRY HAD EVER
BEEN SIGNED BETWEEN USG AND PGNU; WHETHER A LIST OF THEM
EXISTED, AND WHETHER ACTING USAID DIRECTOR HAD IDENTIFIED
THOSE ITEMS WHICH USG PROPOSED TO UTILIZE IN LAOS OR
ELSEWHERE AND THOSE WHICH IT WAS PREPARED TO TRANSFER TO
PGNU. (POL COUNSELOR REPLIED THAT HE DOUBTED SUCH
AGREEMENT EXISTED; THAT HE BELIEVED THERE WAS SUCH A LIST
BUT WOULD HAVE TO CHECK; AND THAT IDENTIFICATION DEPENDED
NOT ON USAID/LAOS BUT ON POTENTIAL USG USERS IN LAOS AND
ELSEWHERE.)

3. SOUBANH ALSO DESCRIBED PGNU'S DIFFICULTIES WITH OUR
FINAL CONDITION ABOUT REIMBURSEMENT FOR USAID PROPERTY
LOST OR STOLEN. HE SAID THAT, FOR EXAMPLE, PGNU COULD
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NOT ASSUME RESPONSIBILITY FOR PROPERTY AT USAID FIELD
SITES WHICH WE HAD "ABANDONED" WITHOUT PRIOR NOTICE TO
PGNU, OR AT KM-9 WAREHOUSE COMPLEX WHICH WAS ENORMOUS
AND BEYOND PGNU'S ABILITY TO PROTECT WITH ITS LIMITED
POLICE MAN-POWER. MORE GENERALLY, HE RAISED POSSIBILITY
THAT USG MIGHT PRESENT STILL FURTHER CONDITION)JGQ)2.666863E-78DTPHE0(C/)"CHG;GWB
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ACTION EA-06

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C O N F I D E N T I A L SECTION 2 OF 2 VIENTIANE 4218

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5. EMPHASIZING THAT HE WAS SPEAKING FRANKLY AND PERSONALLY, POL COUNSELOR ADDED THAT ON BASIS OF NEGOTIATIONS TO DATE IT SEEMED TO US THAT MINISTER OF ECONOMY SOTH AND HIS CHEF DE CABINET KHAM SING, CHIEF OF 21-MEMBER PGNU NEGOTIATING COMMITTEE ON TRANSFER OF USAID PROPERTY, EITHER COULD NOT OR WOULD NOT UNDERSTAND THE VERY DISTINCTION AND CONGRESSIONAL REQUIREMENTS SPECIFIED IN OUR NOTE. IT WAS FOR THAT REASON, AND AT WASHINGTON'S INSTRUCTIONS, THAT WE HAD PREPARED THE NOTE IN HOPE THAT PGNU OFFICIALS CONCERNED COULD STUDY IT IN SOLITUDE AND ARRIVE AT AN UNDERSTANDING OF OUR POSITION. HE ALSO NOTED THAT LITTLE TIME ACTUALLY REMAINED BEFORE JUNE 30 DEADLINE STIPULATED IN MAY 27 AGREEMENT AND THAT USAID HAD TO MOVE QUICKLY. IF TRANSFER UNDER CONDITIONS SET FORTH IN JUNE 9 NOTE COULD NOT BE ACCOMPLISHED RAPIDLY, THE ONLY ALTERNATIVE WOULD BE FOR USAID TO ABANDON EVERYTHING AND REPORT TO THE EXECUTIVE BRANCH AND THEN TO CONGRESS WHAT IT HAD BEEN OBLIGED TO DO; THE REACTION IN WASHINGTON, WHOSE ATTENTION HAD ALREADY BEEN SEIZED BY EVENTS HERE, COULD ONLY BE ADVERSE FOR PGNU'S PROSPECTS OF OBTAINING ANY FUTURE U.S. ECONOMIC ASSISTANCE. HE ALSO RECALLED WASHINGTON'S OBSERVATION (REF A) THAT PROMPT AND COOPERATIVE APPROACH TO TURN-
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OVER NEGOTIATIONS WOULD ENHANCE AID PROSPECTS AND ENTIRE RANGE OF RELATIONS BETWEEN OUR TWO GOVERNMENTS.

6. POL COUNSELOR IN ADDITION REMINDED SOUBANH OF VARIOUS FACTORS DAMAGING THE CLIMATE IN WHICH TURN-OVER NEGOTIATIONS WERE BEING CONDUCTED. HE MENTIONED SPECIFICALLY THE EXTORTION OF ADDITIONAL SEVERANCE BONUS FOR USAID EMPLOYEES JUNE 6, THREAT OF DEMONSTRATIONS RAISED JUNE 11 BY LAO FORMER EMPLOYEES OF OPERATION BROTHERHOOD, AND CURRENT PRACTICE BY UNIFORMED PATHET LAO TROOPS OF STRIPPING USAID HOUSES OF APPLIANCES AND OTHER ARTICLES ON BASIS THAT ITEMS TAKEN HAVE REVERTED TO PGNU.

7. SOUBANH HAD SPECIFIC QUESTIONS ON BOTH OF THE SEVERANCE PAY AGREEMENTS MENTIONED PRECEDING PARAGRAPH. WITH RESPECT TO USAID EMPLOYEES, HE ASKED WHETHER SEVERANCE PAY APPLIED NATION-WIDE OR ONLY TO EMPLOYEES IN VIENTIANE AND IF SO HOW EMPLOYEES OUTSIDE VIENTIANE WOULD BE PAID. POL COUNSELOR ANSWERED THAT SETTLEMENT WAS INDEED NATION-WIDE AND THAT MECHANICS OF PAYMENT TO EMPLOYEES OUTSIDE VIENTIANE STILL HAD TO BE WORKED OUT; THEY COULD SEND REPRESENTATIVES TO VIENTIANE TO PICK UP CHECKS OR PAYMENT COULD BE MADE THROUGH PGNU, BUT NO USAID AMERICAN EMPLOYEES WERE WILLING TO TRAVEL OUTSIDE VIENTIANE TO MAKE PAYMENTS OR FOR ANY OTHER PURPOSE AND IN ANY CASE WERE UNDER ORDERS FROM WASHINGTON NOT TO DO SO. WITH REGARD TO LAO EMPLOYEES OF OPERATION BROTHERHOOD, POL COUNSELOR SAID WE HAD ON JUNE 11 TOLD MINISTER-DESIGNATE OF PUBLIC HEALTH THAT PAYMENT (ULTIMATELY FROM USAID FUNDS) WOULD BE MADE BUT THAT REQUEST SHOULD COME THROUGH FOREIGN MINISTRY AND THAT PGNU WOULD HAVE TO HANDLE PAYMENTS, FOR USAID COULD NOT MAKE PAYMENTS DIRECTLY.

8. CONVERSATION WENT ON IN THIS VEIN FOR SLIGHTLY MORE THAN ONE HOUR. MID-WAY THROUGH AND AGAIN AT CONCLUSION, POL COUNSELOR PROPOSED TO SOUBANH A MEETING ON WHOLE SUBJECT OF USAID TURN-OVER AND OUR CONDITIONS AMONG CHARGE, MINISTER OF ECONOMY, ACTING USAID DIRECTOR, CHIEF PGNU NEGOTIATOR KHAMSSING, AND THEMSELVES. SOUBANH APPEARED TO REACT FAVORABLY TO THIS IDEA, AND IT

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WAS LEFT THAT CHARGE WOULD PROPOSE SUCH A MEETING TO MINISTER OF ECONOMY. (CHARGE HAD SOUGHT MEETING WITH MINISTER OF ECONOMY FOR JUNE 12, BUT MINISTER'S SCHEDULE WAS FULL AND EARLIEST POSSIBLE TIME IS MORNING OF

JUNE 13.)

9. COMMENT: SOUBANH'S VERSION OF PRELIMINARY PGNU REACTION SEEMS TO BE A MIXTURE OF SEVERAL ELEMENTS. THERE IS THE OBVIOUSLY DISINGENUOUS IDEA THAT PRESSURE FOR USAID DISSOLUTION IS SIMPLY PGNU'S RESPONSE TO POPULAR WILL. THERE IS ALSO THE SAME MISTRUST OF USG INTENTIONS THAT CHARACTERIZED NEGOTIATIONS LEADING TO MAY 27 AGREEMENT, AND A CONSIDERABLE FAILURE -- WILLFUL OR OTHERWISE -- TO UNDERSTAND OUR LEGISLATIVE AND ADMINISTRATIVE REQUIREMENTS. THUS, WE ARE STILL ENGAGED IN AN EDUCATIONAL PROCESS, COMPLICATED BY A DEGREE OF BAD FAITH ON THE OTHER SIDE. WE INTEND TO SEEK THE MEETING WITH SOTH AND OTHERS AS DESCRIBED ABOVE AND HOPE IT CAN BE HELD AS EARLY AS JUNE 13.

10. MEANWHILE, TURNOVER PROCESS PROBABLY WILL NOT ACCELERATE AS WE HAD HOPED IT MIGHT. WHAT ACTING USAID DIRECTOR CONTINUES TO TRY TO DO IS SIGN OVER ONLY PROPERTY COVERED BY PROJECT AGREEMENTS, BUT HIS COUNTERPARTS HAVE SO FAR BEEN UNWILLING TO RECEIVE IT. PENDING A DEFINITIVE PGNU RESPONSE TO THE PRINCIPLES SET FORTH IN OUR JUNE 9 NOTE, THERE IS NO SATISFACTORY BASIS FOR TRANSFERRING ADMINISTRATIVE PROPERTY, AND WE CANNOT ESTIMATE AT THIS POINT WHEN OR EVEN WHETHER PGNU RESPONSE WILL BE GIVEN OR TO WHAT EXTENT THE PGNU MAY ACCEPT OUR 2ND AND 3RD PRINCIPLES. WE SHALL MUDDLE FORWARD TO TRY TO FIND A PRACTICABLE SOLUTION, BUT AT THIS POINT WE ARE NOT OPTIMISTIC THAT A CLEAN SOLUTION CAN BE FOUND THAT WILL SATISFY OUR LEGAL REQUIREMENTS.
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